

In the Matter of State Street Bank & Trust Co. (April 30, 1992)

The Ethics Commission fined State Street Bank and Trust Company (State Street) \$2,000 for violating the Massachusetts Conflict of Interest Law by paying for meals, accommodations and entertainment expenses for the former Auditor of the City of Boston during two State Street client conferences in Arizona. In a Disposition Agreement reached with the Commission, State Street, through its Senior Vice President and General Counsel, admitted that its actions violated Section 3 of M.G.L. c. 268A, the conflict law, and agreed to pay the fine. Section 3 prohibits anyone from giving a public employee anything of substantial value (\$50 or more) for or because of their official position, or for or because of anything they could do in their official capacity. Leon Stamps, the former City of Boston Auditor, was fined \$1,500 in May of 1991 for accepting the meals, accommodations and entertainment from State Street. An Order to Show Cause alleging State Street had also violated the law was issued by the Ethics Commission at the same time. The City of Boston Retirement Board (retirement board) is a State Street client, according to the Disposition Agreement. The retirement board invests the approximately \$800 million in funds contributed by city workers toward their pensions. State Street's Trust Department serves as the custodian of those funds. In fiscal years 1987 and 1988, State Street received \$198,817.00 and \$367,194.00, respectively, in custodian fees from the City of Boston, the Agreement said. The Commission found no evidence that State Street had a corrupt intent in paying for Stamps' expenses, nor that it intentionally violated the conflict law. There was also no evidence that Stamps' conduct was improperly influenced by the conferences, according to the Disposition Agreement. However, for purposes of Section 3 of the conflict law, it is unnecessary to prove that the gratuities were given for some specific identifiable act performed or to be performed. The prohibitions are prophylactic in nature and apply where the parties act without corrupt intent and even though no official act is improperly influenced by the benefit conferred.